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Conformément au règlement (CEE, Euratom) n° 354/83 du Conseil du 1er février 1983 concernant l'ouverture au public des archives historiques de la Communauté économique européenne et de la Communauté européenne de l'énergie atomique (JO L 43 du 15.2.1983, p. 1), tel que modifié par le règlement (CE, Euratom) n° 1700/2003 du 22 septembre 2003 (JO L 243 du 27.9.2003, p. 1), ce dossier est ouvert au public. Le cas échéant, les documents classifiés présents dans ce dossier ont été déclassifiés conformément à l'article 5 dudit règlement.

In accordance with Council Regulation (EEC, Euratom) No 354/83 of 1 February 1983 concerning the opening to the public of the historical archives of the European Economic Community and the European Atomic Energy Community (OJ L 43, 15.2.1983, p. 1), as amended by Regulation (EC, Euratom) No 1700/2003 of 22 September 2003 (OJ L 243, 27.9.2003, p. 1), this file is open to the public. Where necessary, classified documents in this file have been declassified in conformity with Article 5 of the aforementioned regulation.

In Übereinstimmung mit der Verordnung (EWG, Euratom) Nr. 354/83 des Rates vom 1. Februar 1983 über die Freigabe der historischen Archive der Europäischen Wirtschaftsgemeinschaft und der Europäischen Atomgemeinschaft (ABl. L 43 vom 15.2.1983, S. 1), geändert durch die Verordnung (EG, Euratom) Nr. 1700/2003 vom 22. September 2003 (ABl. L 243 vom 27.9.2003, S. 1), ist diese Datei der Öffentlichkeit zugänglich. Soweit erforderlich, wurden die Verschlussachen in dieser Datei in Übereinstimmung mit Artikel 5 der genannten Verordnung freigegeben.

COMMISSION OF THE EUROPEAN COMMUNITIES

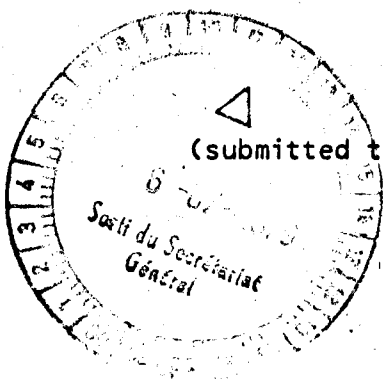
COM(79) 352 final.

Brussels, 5 July 1979

Proposal for a

COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community



(submitted to the Council by the Commission)

COM(79) 352 final.

EXPLANATORY MEMORANDUM

Specific conversion rates are used by the social security institutions of the Member States to investigate and administer the files of employed persons and their families moving within the Community.

The implementation of the European Monetary System (EMS) involves a review of the method currently being used for determining rates for converting currencies, fixed in accordance with Article 107 of EEC Council Regulation No 574/72¹. This proposal aims at adopting a new method with more stringent rules to determine the rates and closely defined exchange relation between the various currencies.

1. The present method of calculating rates of conversion

1.1 In accordance with the provisions of Article 107(1) of EEC Regulation No 574/72 as amended by Article 1 of EEC Council Regulation No 2639/74², different methods are used at present for calculating rates of conversion depending on whether or not the currencies in question are bound by a 2.25 % fluctuation margin, as detailed below.

- For exchange dealings between currencies staying within a 2.25 % fluctuation margin, the central rates are applicable.

It should be noted that until the entry into force of the EMS this provision affected only the currencies in the "snake" but that with the introduction of the EMS it applies also to the French franc and the Irish pound.

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1. Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community (OJ No L 74 of 27 March 1972).
 2. Regulation (EEC) No 2639/74 of the Council of 15 October 1974 published in OJ No L 283 of 19 October 1974.

- For exchange dealings between currencies not adhering to the 2.25 % margin a rate is used that is based on the arithmetic mean of the bilateral exchange rates of these currencies quoted on each business day on the exchanges ("fixing" procedure) of the two markets³. It should be noted that since the introduction of the EMS this provision affects only the relations between the Italian lira, the British pound and all the other currencies.

1.2 The present calculation method has several drawbacks, including the following :

- The existence of two calculation methods, one applicable to currencies staying within a 2.25 % margin and the other where this is not the case, tends to give rise to distortion. The supremacy given to central rates was justified as long as all Community relations, including those between Central Banks taking part in the "snake", were based on central rates but this is no longer the case. Indeed, with the exception of the common agricultural policy, where the dual criteria (central rates - market rates) has been retained so as not to upset the present system of monetary compensatory amounts, all intra-Community financial relations, including settlements between Central Banks within the EMS framework, are effected on the basis of daily exchange rates.
- The reference to the "fixing" procedure leads to discrepancies in the rates taken into account, as a result mainly of the fact that the sessions at which rates are fixed are not held simultaneously in the various national exchanges.
- The domain of social security for migrant workers would be the sole Community sector still relaying on the daily "fixing" procedure, as with the adoption of the EMS the Central Banks and the Commission decided to relinquish this procedure for calculating the ECU and instead use the representative rate of each currency in relation to the dollar. This situation requires the maintenance of a special, rather cumbersome infrastructure for analysing telexes from the Central Banks.

3. At the London market : rates recorded at noon.

It is also a source of difficulties as mistakes can be detected only at the end of the month when monthly averages are being worked out.

2. Proposal for a new method

2.1 The Commission proposes that in the sector of social security for migrant workers the concept of central rates be abandoned and instead to calculate conversion rates on the basis of the daily exchange rates for all currencies, it being understood that at the same time the rates resulting from daily "fixing" would be replaced by the rates that are notified by all the Central Banks at the same hour. These rates are already being used in all other Community sectors for calculating the ECU under the European Monetary System.

2.2 In addition to obvious administrative simplification, the new calculation method will yield the following advantages:

- exact cross-rates obtained by simple derivation, obviating the need for calculating averages between two markets;
- results immediately available: the rates may be determined as often as necessary and communicated without delay;
- standard treatment for all currencies on the basis of market rates.

2.3 A comparison of the two methods shows that there will be virtually no difference for separately floating currencies, as their rates are already based on exchange markets: "fixing" at present and rates recorded at the same hour in the new method proposed.

However, for the currencies between which a maximum margin of 2.25% is being maintained, the reference to market rather than central rates will entail a difference due to the movements of these currencies within the system which may rise to the permissible fluctuation ceiling of 2.25%.

3. Procedure

The new revision of Article 107 of Regulation No 574/72 provides that henceforth the rates of conversion used for the purposes of the Regulations on social security for migrant workers will, as in all the other Community sectors, be based on the exchange rates notified by the Central Banks at the same hour and no longer on the central rates for certain currencies and the "fixing" rates for other currencies.

It is the wish of the Commission that the new method be applied as soon as possible, in any case before August 1979.

Proposal for a
COUNCIL REGULATION (EEC)

amending Regulation (EEC) No 574/72 fixing the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community;

Having regard to Council Regulation (EEC) No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community¹, as last amended by Regulation (EEC) No 2595/77², and in particular Article 97 thereof;

Having regard to the proposal from the Commission;

Whereas Council Regulation (EEC) No 3181/78³ set up the European Monetary System;

Whereas Council Regulation (EEC) No 574/72⁴ fixed the procedure for implementing Regulation (EEC) No 1408/71, and whereas in particular Article 107 thereof lays down the procedure for the conversion of currencies;

Whereas this procedure should be amended so as to adapt it to the mechanisms laid down for calculating the ECU under the European Monetary System;

HAS ADOPTED THIS REGULATION:

¹OJ No L 149, 5.7.1971, p. 2

²OJ No L 302, 26.11.1977, p. 1

³OJ No L 379, 30.12.1978, p. 2

⁴OJ No L 74, 27.3.1972, p. 1

Article 1

Regulation (EEC) No 574/72 is hereby amended as follows:

1. Article 107(1)(a) and (b) shall be replaced by the following:

"The rate calculated by the Commission shall be based on the monthly average of the exchange rates of those currencies during the reference period specified in paragraph 2, which shall be notified to the Commission for the purposes of the European Monetary System."

2. The first subparagraph of Article 107(2) shall be deleted.

3. Article 107(3) shall be replaced by the following:

"The exchange rates to be used for the purposes of paragraph 1 shall be the rates notified to the Commission at the same hour by the central banks for the calculation of the ECU within the framework of the European Monetary System."

Article 2

This Regulation shall enter into force on the day of its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Council